

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF DELTA)	CASE NO. 9331-L
NATURAL GAS COMPANY, INC.)	

INTERIM ORDER

On December 19, 1985, the Commission issued its Order in Case No. 9331 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the Gas Cost Adjustment ("GCA") Clause set forth therein.

On September 28, 1988, Delta Natural Gas Company, Inc. ("Delta"), filed its quarterly GCA which is to become effective November 1, 1988, and is to remain in effect until February 1, 1989.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Delta's notice of September 28, 1988 set out certain revisions in rates which Delta proposed to place into effect, said rates being designed to pass on the overall wholesale increase in gas costs from its suppliers in the amount of 9.10 cents per Mcf. This increase included certain take-or-pay billings from Delta's pipeline suppliers. The Commission is in the process of reviewing

Delta's take-or-pay flow through methodology, as well as the composition of its Kentucky producer purchases. Delta's expected gas cost should be accepted pending the outcome of the Commission's investigations.

(2) Delta's notice set out a total refund adjustment of 3.63 cents per Mcf, replacing the previous adjustment of 3.56 cents per Mcf.

(3) Delta's notice set out a current quarter actual adjustment in the amount of 14.97 cents per Mcf to compensate for previous over-recovery of gas cost by the company through the operation of its gas cost recovery procedure. This actual adjustment should be accepted pending the outcome of the aforementioned purchases investigation.

(4) Delta's notice set out a balance adjustment of .34 cents per Mcf to compensate for under-collections which occurred as a result of previous gas cost, refund, and balance adjustments.

(5) Delta proposed a gas cost recovery rate in the amount of \$2.9517 per Mcf. This is an increase of \$0.1047 per Mcf from the rate previously in effect. The increase represents the combined effect of the supplier increase, refund, actual, and balance adjustments.

(6) Delta's adjustment in rates contained in the Appendix to this Order under the GCA provisions approved by the Commission in its Order in Case No. 9331 dated December 19, 1985 should be approved to be effective with final meter readings on and after November 1, 1988, subject to refund.

(7) In Delta's filing dated September 28, 1988, Delta requested confidentiality for Schedules II, VI, and VII. Confidentiality should be granted for Schedules VI and VII; the Commission is still in the process of reviewing Delta's request concerning Schedule II. Schedule II will be accorded confidential treatment, along with Delta's producer contracts for which it has requested confidentiality in the past, until the Commission has completed its investigation and reached its decision.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order be and they hereby are authorized effective with final meter readings on and after November 1, 1988, subject to refund.

(2) The gas cost recovery rate shall be \$2.9517 per Mcf effective with final meter readings on and after November 1, 1988, subject to refund.

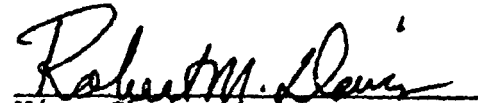
(3) Within 30 days of the date of this Order, Delta shall file with this Commission its revised tariffs setting out the rates authorized herein.

(4) Delta's request for confidentiality is hereby granted for Schedules VI and VII of its GCA filing.

Done at Frankfort, Kentucky, this 27th day of October, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9331-L DATED 10/27/88

The following rates and charges are prescribed for the customers served by Delta Natural Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATE SCHEDULES

AVAILABILITY

Available for general use by residential, commercial, and industrial customers who purchase their entire natural gas requirements from Delta.

RATES

	<u>Base Rate</u>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
		plus	equals
General Service			
Monthly Customer Charge			\$3.98
1 - 1,000 Mcf	\$2.0379	\$2.9517	\$4.9896 per Mcf
1,001 - 5,000 Mcf	1.8920	2.9517	4.8437 per Mcf
5,001 - 10,000 Mcf	1.5858	2.9517	4.5375 per Mcf
Over 10,000 Mcf	1.2795	2.9517	4.2312 per Mcf
Interruptible (2)			
1 - 1,000 Mcf	\$1.7826	\$2.9517	\$4.7343 per Mcf
1,001 - 5,000 Mcf	1.6368	2.9517	4.5885 per Mcf
5,001 - 10,000 Mcf	1.3306	2.9517	4.2823 per Mcf
Over 10,000 Mcf	1.0243	2.9517	3.9760 per Mcf